

Analytical Study of Challenges and Perspective in Luxury Retail of Foreign Brands in Emerging Economies with Special Reference to BRICS Countries

SHABEENA DURRANI

Asst. Professor, Management,
Career College of Management, Bhopal, M. P., INDIA.

ABSTRACT

Luxury retailing at international level has achieved different levels with time, space, people and business environments. Globalization has broken the boundaries, barriers of the countries, sharing the pleasure of luxury consumption with the flow of trade in branded goods and services. But to establish a brand especially in luxury products is not easy, it needs some prerequisites as the host country's segment has different cultural and economic conditions and awareness and response to luxury foreign brands. Simple issue of one country turns into challenges in the host country. In this study efforts have been made to answer some of these questions as-

1. Is the model of luxury retailing of developed west applicable to developing economies in totality?
2. Which are the most suitable tools, techniques and environment to educate and expand luxury consumerism in developing economies?
3. What can be the probable solution as uniform policy and strategy for luxury retailing when BRICS countries have their individual and different cultural, religious and social backgrounds?

Research Methodology and Research Design has taken a distinct form than the set pattern and norms of research study. It has adopted the holistic approach in an integrated shape narrowing down the extremes and brushing them into a smooth compromised blended formula emerging from questionnaire, interview, and observation and case study methods. Statistical analysis and interpretation have been down considering the geographical locations of BRICS Countries.

The thesis of research study is to visualize futuristic view of challenges in luxury retailing and suggested solutions based on the backdrop of current condition with provisions of adjustability to technological, political and economic broader changes in the internal condition of the country or global phenomenon as recent recessions. The findings are interesting to formulate a theory of luxury consumerism having universal acceptability.

Keywords: Globalization, Gandhian Consumerism, Brand, Luxury Retail, Emerging Economies.

INTRODUCTION

In this study of marketing of foreign branded apparel products a critical business skill of planning and managing of strategic activities are done through policy formulation. Here we tried to integrate the work of strategic management theories and its emphasis on real-world applications in marketing of luxury branded apparel goods in Indian retail market. New ideas of business and emerging competitive market have made the situation more critical and gave momentum to competition through retail strategies and planning in retail world hence it became necessary to study consumers' buying behavior to make strategies and planning more effective.

Concept

Strategic management consists of analysis, decisions and actions an organization undertakes in order to create and sustain competitive advantage. That is concentrated with the analysis of strategic goals (vision, mission and objectives) along with the environmental analysis. Below Figure – 1: Model of Strategic Management explains strategy formulation, implementation, evaluation and control of branded products. Planning and policy making are guides for a successful action taken by a store manager of a retail firm. This indicates how the resources are to be allocated and how these to be best utilized. Those organizations which serve a well defined set of customers or geographic segments are well to do organizations particularly in business of apparel products because consumers enters in a store with its mind set based on internal stimulus a store manager needs to serve him/her best. Here the external stimulus; which has been made

strategically play an important role to boost consumer to make purchase.

REVIEW OF LITERATURE

In the line with the purpose of this study, it was found that the past research efforts have highly been susceptible to the phenomenon of luxury brand. There were several papers related to marketing and strategic management of branded products in India as Amatuli, C. and Guido, G. (2011), Determinants of purchasing intention for fashion luxury goods in the Italian market: A ladder approach. Som, A., (2011) studied Logic of Luxury in Emerging Markets, Yeoman, I. (2011) examined The changing behaviors of luxury consumption, Kamenidou, I., Mylonakis, J. and Nikolouli, K. explained An exploratory study on the reasons for purchasing imported high fashion apparels: The case of Greece.

RESEARCH METHODOLOGY AND RESEARCH DESIGN

Research design and research method constitutes analysis of published data accompanied with survey work based on questionnaires, interviews and observations. Statistical analysis covers central tendency regression analysis and factorization.

Secondary data has been collected from various reports published in newspapers, business magazines and material available on internet and books. For collection of primary data a survey has been conducted for filling the questionnaires by various customers to come on an interpretation and may be generation of new theory of marketing of branded apparel goods. Also the interviews of customers and retail

store managers have been organized to make the study more comprehensive.

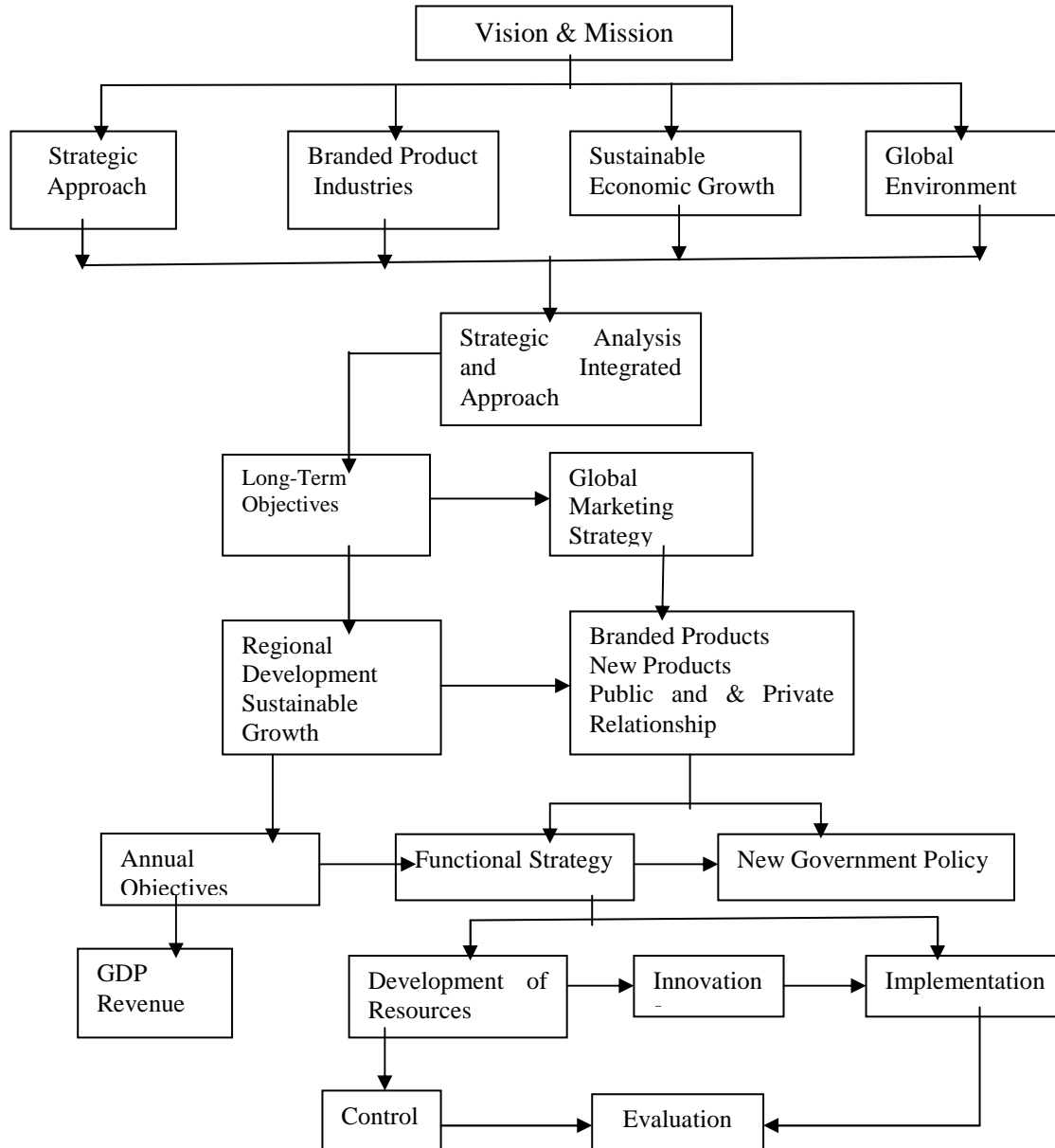


Figure – 1: Model of Strategic Management in Branded Products

OBJECTIVES OF THE STUDY

1. To understand that what are the underlying factors for purchasing luxury apparel among Indian consumers?
2. To examine how consumers shopping traits differ in different segments?
3. To search for how intrinsic and extrinsic components influences consumers purchase behavior?

4. To study what the process is that defines the consumers' purchase decisions?

Hypothesis of the Study?

Foreign brand are marketed by youth in India.

Analytical Study

The analytical study deals with all three stake holders

1. Customers, 2. Seller, 3. Environment (Society at large) questionnaire was circulated to collect responses.

Que. 1. What are the underlying factors for purchasing luxury apparel among Indian Consumers?

While conducting the research many parameters have been given to the different respondents to understand the nature and buying behavior and buying process of luxury apparel products among all only eight facets came on which consumers generally make their shopping decisions.

Below Table-1, exhibits the response of the respondents for their buying process.

MALE: Most young males indicated that they require more stylish, fashionable and quality cloths that can be termed as "Branded Goods". Means consumers are brand conscious. In this sequence comfort, fit, powerful/influential and exclusive traits are necessarily and equally important. These traits together make them different in their society and provide them a feel of satisfaction, happiness and sense of being unique. However, this group mentioned clearly that they do consider the price factor in their mind while purchasing the clothes to make a decision. Some of the respondents do not shop for any special occasion a part from marriage. Many males do shop for all occasions like

Table-1: Buying Traits of Consumers

Facet	Men Young (18-30)	Women Young (18-30)
Occasion of Purchase	No Occasion Wedding	Frequent Buyer
Fashion/Brand Conscious	Fashion	Fashion
Look	Stylish	Stylish
Price Conscious	Yes	No
Key Drivers	Quality, Comfort, fit Power/ Influential, Exclusive	Exclusive, Quality, Fit, Look Good, Sophistication
Shop with Friends/Family	Friend	None
Staff Assistance	Yes	No
Time Send	Less	More

formal, party wear, informal but they think marriage is most important and lifetime memory, hence they want to look best and shop accordingly. Beside, some male need assistance while shopping either by friends/relative or even showroom staff.

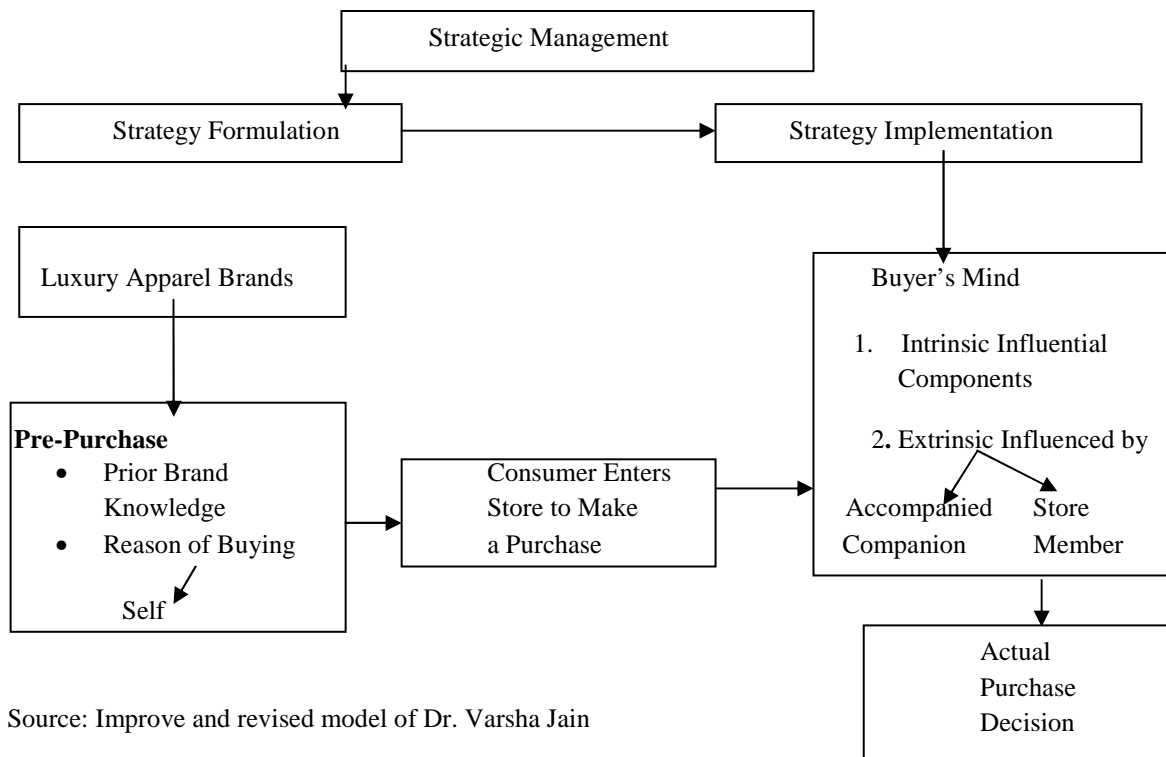
Male do not spend much time in selecting and making choice therefore they take help of their friends/relative or staff. They need a male companion and seek for second opinion about their selection and give less time in making a choice.

FEMALE: Most young female individual require high fashion apparels to be stylish and fashionable like the male group. This group emphasizes on the fact that they link the premium clothes with exclusivity, fit, quality, look good and sophistication attributes.

Usage of clothes having these characteristics make female delight and differentiated because they could easily get noticed and attractive by wearing these branded

clothes. Unlike male respondent this group does not want any companion while purchasing they make their own choice. Also price is not a big factor to be conscious upon it, if clothes are highly oriented towards these characteristics said by few respondents. A respondent cited that she does not buy in discount seasons. It means that females do not care about the

premium prices even if it goes beyond their budget as they keep extra money for shopping. They shop very frequently on all occasions like birthdays, wedding, parties, social occasions or other special days and require deep search in selection. Consequently they take much time in shopping luxury apparel products.



Source: Improve and revised model of Dr. Varsha Jain

Figure – 2: Consumer Purchasing Process

Que. 2. How consumers' shopping traits differ in different segments?

We took two segments as Male and Female and found that both have different traits influencing their shopping behavior. As comparison to male, female has different purchase criteria such as insensitive to price, brand conscious, do not need any assistance, require more time whereas male respondents are sensitive to price, brand conscious, need

high assistance, require less time hence both the group go with different traits and differ in making a choice.

Que. 3. What intrinsic and extrinsic component influences consumers purchase behavior?

We have been observed in our research that all buyers whether male or female have their own mindset due to market

communication. They have some positioning of the products in their mind based on their need, past experience and word of communication which internally influence their purchase decisions and motivate them to purchase the products and make the decision. Some respondent need help or assistance to make a choice hence they come with their friends/relatives and also seek second opinion. Sometimes they take help of staff assistance. This indicates that the purchase decision is not a standalone judgment but rather a mixture of server interrelated choices and information. A lot of information is evaluated or process before a behavioral response is generated. The findings

consents to Keegan's *et al.* (1992) Black Box theory that stated a buying behavior consisted of intrinsic and extrinsic driven stimuli that mould decision making process. Consumers evaluate their decision based on the influence of other's response and their personal internal stimulus of luxury consumption.

Gender variations existed in consumers' garment buying choices and preferences. The study marked a difference in the occasion of the purchase, shopping with friends/relatives, staff assistance requirement and total amount of time spend on apparel purchase components among both consumer segments.

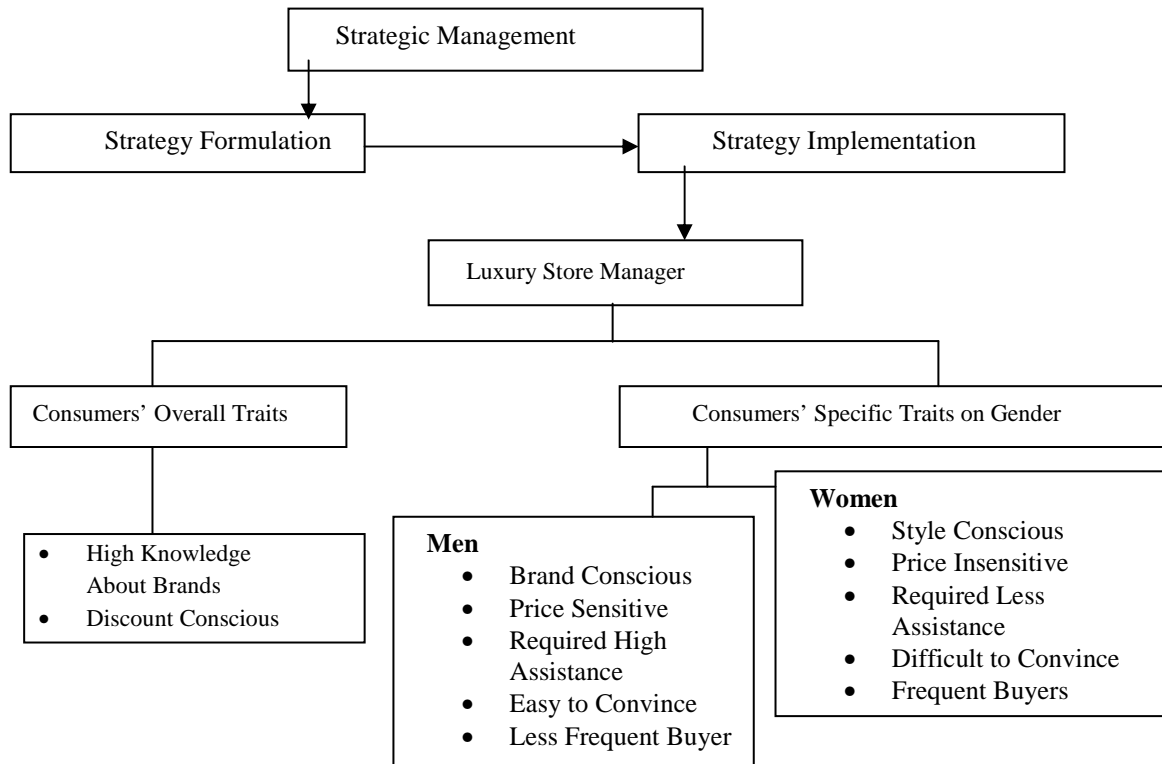


Figure – 3: Store Manager Insight

4. What is the process that defines the consumers' purchase decision?

The study proposes a model for the purchase behavior of consumer luxury products

in apparel sector (Figure 2). This model exhibits a new flow by which consumer goes to make an actual purchase. Consumer here goes first through pre-purchase with his/her own

knowledge and mindset. And proceed to store outlet and finally make his/her choice.

Que. 5. What is a sellers' point of view to understand different buying behavior of different segment?

As a Whole, the store manager opined that many consumers are brand conscious and chooses brand first for themselves. They buy clothes for themselves for different occasions. Few buyers shop rarely and not for all occasions. They have deep knowledge about a brand and seek high assistance in searching educating about availability of colors, styles and sizes.

Since frequent buyers are aware about the brands and so make quick decisions on their own with minimum assistance. However, new customers' also need less assistance when they are accompanied by friends/relatives and influence by accompanion's opinion but when they come alone, seek high staff assistance in making a choice. Seller pointed out that female shopping behavior differs to men. Men are price and brand conscious where as women are more style conscious and price insensitive and both are influenced in different manner. Women are difficult in persuasion where as men are easy to be convince. Seller also observed that opposite gender influenced more like male purchase influenced by female staff and vice-versa.

DISCUSSION

Has made a difference in the luxury industry and those who know the product, would like to compare, contrast, see and experience what they like before they buy BRICS countries (Brazil, Russia, India, China and South Africa) account for approximately 18% to 22% of the world luxury market and is growing at 20%-30% which will extend up 36% by 2015. The recent financial crisis has hit US,

Western Europe, France, Italy and Japan adversely including BRICS countries. Chinese luxury consumers prefer outwardly visible and status driven products taken by logo strategy. Russia has wealth, knowledge and experience in luxury consumption. Those Indian consumers still follow Gandhian consumerism-swadeshi, while Brazilian and South African luxury purchase are linked with mining to retailing what is the learning for India? Would company say that they need it a different Brand for Indian consumer or would they adopt the Global Brand for that Indian consumer?

CONCLUSION

The research explains practical and theoretical insights on the consumers purchasing process. Study proposes for the purchase behavior of luxury consumer in appeal sectors. This model tells about the flow of stages through which a customer goes to make a final purchase. This process involves three phase as mention in the diagram.

An another model of store manager insight has been discussed in this study that clearly shows retailer's view point that Indian consumers are shifting from collectivist to individualistic approach and so is their consumer behavior. This indicates that brand manager of Luxury appeal could focus more on self-indulgent and self-experiential attributes.

AREAS FOR FURTHER RESEARCH

Future research could possibly focus on this opportunity. The present study is neither store specific nor customer class specific in nature. Future researchers could investigate different strategies made by retailers for specific customer classes for different demographics specific geographic areas.

ACKNOWLEDGEMENT

The researcher, Mrs. Shabeena Durrani notes gratitude to Mr. Manish Rajoria, Vice-

Chairmen, Career Business School, Bhopal for expanding academic facilities and permission to complete this research properly. My sincere Thanks to Dr. Ajay Khare, Director, Career College of Management (Bpl) and Librarian Ms Sunita Yadav for her library support. My special thanks to Prof. Shakoor Khan and my Colleague ma'am Richa Guru for her support. I also thankful to Professor Pradeep Jain for his administrative support.

REFERENCES

1. A CII A.T. Kearney report. (2010). Luxury in India: Charming the Snakes and Scaling the Ladders.
2. Amatuli, C. and Guido, G., Determinants of purchasing intention for fashion luxury goods in the Italian market: A laddering approach. *Journal of Fashion Marketing & Management*, 15(1), 2011: app 123-136.
3. Atwal, G. and Williams, A., Luxury branch marketing The experience is everything!. *Brand management*, 16(5/6), 2009: app. 338-346.
4. Chakrabarti, S., An Empirical Analysis of the Influence of Consumer Evaluation Attributes in the purchase of Fashionable Ethnic Wear in India. *Journal of Marketing & Communication*, 6(1), 2010: app. 4-9.
5. Jalalkamali, M. and Nikbin, D., The Effects of Motivation on Purchase Decision. *Interdisciplinary Journal of Contemporary Research in Business*, 2(8), 2010: app. 234-245.
6. Kamenidou, I., Mylonakis, J. and Nikolouli, K., An exploratory study on the reasons for purchasing imported high fashion apparels: The case of Greece. *Journal of Fashion Marketing & Management*, 11(1), 2007: app. 148-160.
7. Keller, L.K., Managing the growth tradeoff: Challenges and opportunities in luxury branching. *Brand Management*, 16(5/6), 2009: app. 290-301.
8. J., Factors affecting Mexican college students' purchase intention toward a US apparel brand. *Journal of Fashion Marketing & Management*, 12(3), 2008: app. 294-307.
9. Som, A., Logic of Luxury in Emerging Markets, *Vikalpa*, 36(1), 2011: app. 75-77.
10. Sondhi, N. and Singhvi, S., R., Gender Influences in garment purchase: An empirical analysis. *Global Business Review*, 7(1), 2006: app. 57-75.
11. Yeoman, I., The changing behaviors of luxury consumption. *Journal of Revenue and Pricing Management*, 10(1), 2011: app. 47-50.